



Debt Impact – Proposed Bond Issues & 2015 Referendum



Independent Bond & Investment Consultants LLC

Existing Debt Service

- ▶ FY 2014-15 budgeted debt service is \$8,068,079.
- ▶ Debt service will decline in FY 2015-16 to \$7,391,026 and will continue to decline thereafter.
- ▶ Debt service will decline significantly in FY 2018-19 (~\$1.2M), again in FY 2020-21 (~\$1.2M) and again in FY 2022-23 (~\$1.4M).
- ▶ The Town can take advantage of the drops in debt service when structuring future bond issues.

Previously Authorized Projects

- ▶ The Town currently has \$24 million in authorized but unissued debt for previously approved projects.
- ▶ If the Town were to issue \$15.3 million of bonds in July 2016, followed by \$9.1 million of short-term notes in July 2017 which could be permanently financed in July 2018, debt service would remain below the FY 2014-15 level through FY 2017-18.
- ▶ Debt service would increase thereafter to a peak of \$8.6 million in FY 2018-19.
- ▶ Average tax increase over the term of the new debt would be approximately \$90/year for the average East Hartford residential property.

Debt Impact – Previously Authorized Projects

Previously Authorized Projects													
			2011 Flood Control	2012 Roads	2014 Roads	EHMS Window Wall	2014 Roads	EHMS Window Wall	2014 Roads				
			\$3,000,000	\$4,839,000	\$7,500,000	\$1,600,000	\$7,500,000	\$1,600,000	\$7,500,000			ANNUAL	
EXISTING			Dated: 7/1/16	Dated: 7/1/16	Dated: 7/1/16	Dated: 7/1/17	Dated: 7/1/17	Dated: 7/1/18	Dated: 7/1/18	TOTAL "NEW"		CHANGE IN	
DEBT SERVICE			Due: 8/1/18-26	Due: 8/1/18-26	Due: 8/1/18-26	Due: 7/1/18	Due: 7/1/18	Due: 8/1/20-28	Due: 8/1/20-28	DEBT SERVICE		DEBT SERVICE	
FISCAL			Interest: 3.50%	Interest: 3.50%	Interest: 3.50%	Interest: 1.75%	Interest: 1.75%	Interest: 4.25%	Interest: 4.25%			FISCAL	
YEAR	Principal	Interest	P & I	P & I	P & I	P & I	Interest	Interest	P & I	P & I	P & I	P & I	YEAR
2015 ¹	\$ 6,670,000	\$ 1,398,079	\$ 8,068,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,068,079		2015
2016	6,155,000	1,236,026	7,391,026	-	-	-	-	-	-	-	7,391,026	(677,053)	2016
2017	6,155,000	1,076,908	7,231,908	61,250	98,796	153,125	-	-	-	-	7,545,079	154,053	2017
2018	6,285,000	926,258	7,211,258	105,000	169,365	262,500	-	-	-	-	7,748,123	203,044	2018
2019	5,365,000	725,170	6,090,170	419,400	718,583	1,068,150	28,000	131,250	39,667	185,938	8,681,157	933,034	2019
2020	5,405,000	545,520	5,950,520	422,938	675,438	1,054,188	-	-	68,000	318,750	8,489,833	(191,324)	2020
2021	4,385,000	369,270	4,754,270	411,213	656,713	1,024,963	-	-	224,600	1,160,475	8,232,233	(257,600)	2021
2022	4,385,000	246,711	4,631,711	399,488	637,988	995,738	-	-	237,375	1,094,563	7,996,861	(235,372)	2022
2023	3,000,000	151,976	3,151,976	387,763	619,263	966,513	-	-	229,725	1,059,288	6,414,526	(1,582,334)	2023
2024	2,445,000	77,746	2,522,746	376,038	600,538	937,288	-	-	222,075	1,024,013	5,682,696	(731,830)	2024
2025	340,000	35,731	375,731	364,313	581,813	908,063	-	-	214,425	988,738	3,433,081	(2,249,615)	2025
2026	335,000	26,806	361,806	352,588	563,088	878,838	-	-	206,775	953,463	3,316,556	(116,525)	2026
2027	330,000	18,013	348,013	340,863	544,363	849,613	-	-	199,125	918,188	3,200,163	(116,394)	2027
2028	325,000	8,938	333,938	-	-	-	-	-	191,475	882,913	1,408,325	(1,791,838)	2028
2029	-	-	-	-	-	-	-	-	183,825	847,638	1,031,463	(376,863)	2029
	\$51,580,000	\$ 6,843,151	\$58,423,151	\$ 3,640,850	\$ 5,865,944	\$ 9,098,975	\$ 28,000	\$ 131,250	\$ 2,017,067	\$ 9,433,963	\$ 88,639,199		

¹ Source - FY 2014-15 Adopted Budget

Mill Rate/Tax Impact – Authorized Projects

FISCAL YEAR	EXISTING DEBT SERVICE	EXISTING & PROJECTED GRAND LIST ¹	MILL RATE FOR EXISTING DEBT	AUTHORIZED PROJECTS DEBT SERVICE	PROJECTED MILL RATE AUTH. PROJ.	COMBINED DEBT SERVICE	MILL RATE FOR COMBINED DEBT SERVICE	TAX IMPACT		TAX IMPACT AT 150%		FISCAL YEAR		
	P & I		Mills	P & I	Mills	P & I	Mills	AVERAGE HOUSEHOLD	AVERAGE HOUSEHOLD	TOTAL TAXES	TAXES FOR NEW DEBT		TOTAL TAXES	TAXES FOR NEW DEBT
									MKT VAL = \$142,300	MKT VAL = \$213,450				
2015	\$ 8,068,079	\$2,692,513,341	3.00	\$ -	0.00	\$ 8,068,079	3.00	\$4,522	\$0	\$6,783	\$0	2015		
2016	7,391,026	2,692,513,341	2.75	-	0.00	7,391,026	2.75	\$4,522	\$0	\$6,783	\$0	2016		
2017	7,231,908	2,692,513,341	2.69	313,171	0.12	7,545,079	2.80	\$4,534	\$12	\$6,801	\$17	2017		
2018	7,211,258	2,692,513,341	2.68	536,865	0.20	7,748,123	2.88	\$4,542	\$20	\$6,813	\$30	2018		
2019	6,090,170	2,692,513,341	2.26	2,590,987	0.96	8,681,157	3.22	\$4,618	\$96	\$6,927	\$144	2019		
2020	5,950,520	2,692,513,341	2.21	2,539,313	0.94	8,489,833	3.15	\$4,616	\$94	\$6,924	\$141	2020		
2021	4,754,270	2,692,513,341	1.77	3,477,963	1.29	8,232,233	3.06	\$4,651	\$129	\$6,976	\$193	2021		
2022	4,631,711	2,692,513,341	1.72	3,365,150	1.25	7,996,861	2.97	\$4,647	\$124	\$6,970	\$187	2022		
2023	3,151,976	2,692,513,341	1.17	3,262,550	1.21	6,414,526	2.38	\$4,643	\$121	\$6,964	\$181	2023		
2024	2,522,746	2,692,513,341	0.94	3,159,950	1.17	5,682,696	2.11	\$4,639	\$117	\$6,959	\$175	2024		
2025	375,731	2,692,513,341	0.14	3,057,350	1.14	3,433,081	1.28	\$4,635	\$113	\$6,953	\$170	2025		
2026	361,806	2,692,513,341	0.13	2,954,750	1.10	3,316,556	1.23	\$4,632	\$109	\$6,947	\$164	2026		
2027	348,013	2,692,513,341	0.13	2,852,150	1.06	3,200,163	1.19	\$4,628	\$106	\$6,942	\$158	2027		
2028	333,938	2,692,513,341	0.12	1,074,388	0.40	1,408,325	0.52	\$4,562	\$40	\$6,843	\$60	2028		
2029	-	2,692,513,341	0.00	1,031,463	0.38	1,031,463	0.38	\$4,560	\$38	\$6,841	\$57	2029		
	\$ 58,423,151		Avg. 1.55	\$ 30,216,048	Avg. 0.90	\$ 88,639,199	Avg. 2.32	Avg.	\$90	Avg.	\$135			

¹ Grand List for FY 2015 (List dated 10/1/2013) is actual. All others are projected at 0.0% growth annually.

Proposed 2015 Capital Equip. Referendum (\$4.6M)

- ▶ It is anticipated that the Town will propose \$4.6M in capital equipment purchases to the voters in November 2015.
- ▶ If successful, the Town could issue \$4.6M in short-term notes in July 2017 followed by long-term bonds in July 2018 targeting the drop off in existing debt service in FY 2018-19.
- ▶ Assuming current market rates + 150 basis points (1.5%), debt service in FY 2018-19 is estimated to increase to \$8,876,756.
- ▶ Debt service is estimated to be substantially level between \$8.7 million and \$8.9 million through FY 2021-22.
- ▶ Average tax increase over the term of the bonds would be approximately \$18/year for the average East Hartford residential property.

Debt Impact – Proposed 2015 Cap. Equip.

	New Referendum					
	2015 Cap. Equip.	2015 Cap. Equip.				
	NEW DEBT SERVICE	\$4,625,000 Dated: 7/1/17 Due: 7/1/18 Interest: 1.75%	\$4,625,000 Dated: 7/1/18 Due: 8/1/20-28 Interest: 4.25%	COMBINED DEBT SERVICE	ANNUAL CHANGE IN DEBT SERVICE	
FISCAL YEAR	P & I	Interest	P & I	P & I	P & I	FISCAL YEAR
2015 ¹	\$ 8,068,079	\$ -	\$ -	\$ 8,068,079		2015
2016	7,391,026	-	-	7,391,026	(677,053)	2016
2017	7,545,079	-	-	7,545,079	154,053	2017
2018	7,748,123	-	-	7,748,123	203,044	2018
2019	8,681,157	80,938	114,661	8,876,756	1,128,634	2019
2020	8,489,833	-	196,563	8,686,395	(190,361)	2020
2021	8,232,233		690,831	8,923,064	236,669	2021
2022	7,996,861		679,156	8,676,017	(247,047)	2022
2023	6,414,526		657,269	7,071,795	(1,604,222)	2023
2024	5,682,696		635,381	6,318,078	(753,718)	2024
2025	3,433,081		613,494	4,046,575	(2,271,503)	2025
2026	3,316,556		591,606	3,908,163	(138,413)	2026
2027	3,200,163		569,719	3,769,881	(138,281)	2027
2028	1,408,325		547,831	1,956,156	(1,813,725)	2028
2029	1,031,463		525,944	1,557,406	(398,750)	2029
	\$ 88,639,199	\$ 80,938	\$ 5,822,455	\$ 94,542,592		
¹ Source - FY 2014-15 Adopted Budget						

Mill Rate/Tax Impact – Proposed 2015 Cap. Equip.

FISCAL YEAR	NEW DEBT SERVICE	EXISTING & PROJECTED GRAND LIST ¹	MILL RATE FOR EXISTING DEBT	PROPOSED 2015 CAP.EQUIP. DEBT SERVICE	PROJECTED MILL RATE BONDS 2015	COMBINED DEBT SERVICE	MILL RATE FOR COMBINED DEBT SERVICE	TAX IMPACT AVERAGE HOUSEHOLD MKT VAL = \$142,300 AV = \$99,610 @ 45.4 Mills		TAX IMPACT AT 150% AVERAGE HOUSEHOLD MKT VAL = \$213,450 AV = \$149,415 @ 45.4 Mills		FISCAL YEAR
	P & I		Mills	P & I	Mills	P & I	Mills	TOTAL TAXES	TAXES FOR NEW DEBT	TOTAL TAXES	TAXES FOR NEW DEBT	
2015	\$ 8,068,079	\$ 2,692,513,341	3.00	\$ -	0.00	\$ 8,068,079	3.00	\$4,522	\$0	\$6,783	\$0	2015
2016	7,391,026	2,692,513,341	2.75	-	0.00	7,391,026	2.75	\$4,522	\$0	\$6,783	\$0	2016
2017	7,545,079	2,692,513,341	2.80	-	0.00	7,545,079	2.80	\$4,522	\$0	\$6,783	\$0	2017
2018	7,748,123	2,692,513,341	2.88	-	0.00	7,748,123	2.88	\$4,522	\$0	\$6,783	\$0	2018
2019	8,681,157	2,692,513,341	3.22	195,599	0.07	8,876,756	3.30	\$4,530	\$7	\$6,794	\$11	2019
2020	8,489,833	2,692,513,341	3.15	196,563	0.07	8,686,395	3.23	\$4,530	\$7	\$6,794	\$11	2020
2021	8,232,233	2,692,513,341	3.06	690,831	0.26	8,923,064	3.31	\$4,548	\$26	\$6,822	\$38	2021
2022	7,996,861	2,692,513,341	2.97	679,156	0.25	8,676,017	3.22	\$4,547	\$25	\$6,821	\$38	2022
2023	6,414,526	2,692,513,341	2.38	657,269	0.24	7,071,795	2.63	\$4,547	\$24	\$6,820	\$36	2023
2024	5,682,696	2,692,513,341	2.11	635,381	0.24	6,318,078	2.35	\$4,546	\$24	\$6,819	\$35	2024
2025	3,433,081	2,692,513,341	1.28	613,494	0.23	4,046,575	1.50	\$4,545	\$23	\$6,817	\$34	2025
2026	3,316,556	2,692,513,341	1.23	591,606	0.22	3,908,163	1.45	\$4,544	\$22	\$6,816	\$33	2026
2027	3,200,163	2,692,513,341	1.19	569,719	0.21	3,769,881	1.40	\$4,543	\$21	\$6,815	\$32	2027
2028	1,408,325	2,692,513,341	0.52	547,831	0.20	1,956,156	0.73	\$4,543	\$20	\$6,814	\$30	2028
2029	1,031,463	2,692,513,341	0.38	525,944	0.20	1,557,406	0.58	\$4,542	\$19	\$6,813	\$29	2029
	\$ 88,639,199		Avg. 2.32	\$ 5,903,393	Avg. 0.18	\$ 94,542,592	Avg. 2.47	Avg.	\$18	Avg.	\$27	

¹ Grand List for FY 2015 (List dated 10/1/2013) is actual. All others are projected at 0.0% growth annually.

Proposed 2015 Senior Center (\$5M)

- ▶ It is anticipated that the Town will propose a \$5M Senior/Multi-purpose Center to the voters in November 2015.
- ▶ If successful, the Town could issue \$5M in Bonds in FY 2020-21, targeting the drop off in existing debt service in that year.
- ▶ Assuming current market rates + 150 basis point (1.5%), debt service in FY 2020-21 is estimated to increase to \$9,047,022.
- ▶ It is estimated that debt service and would decline thereafter.
- ▶ Average tax increase over the term of the bonds would be \$21/year for the average East Hartford residential property.

Mill Rate/Tax Impact – Proposed Senior Center 2015

FISCAL YEAR	NEW DEBT SERVICE	EXISTING & PROJECTED GRAND LIST ¹	MILL RATE FOR EXISTING DEBT	NEW PROJECT BONDS 2016 DEBT SERVICE	PROJECTED MILL RATE BONDS 2016	COMBINED DEBT SERVICE	MILL RATE FOR COMBINED DEBT SERVICE	TAX IMPACT AVERAGE HOUSEHOLD MKT VAL = \$142,300		TAX IMPACT AT 150% AVERAGE HOUSEHOLD MKT VAL = \$213,450		FISCAL YEAR
	P & I		Mills	P & I	Mills	P & I	Mills	TOTAL TAXES	TAXES FOR NEW DEBT	TOTAL TAXES	TAXES FOR NEW DEBT	
2015	\$ 8,068,079	\$2,692,513,341	3.00	\$ -	0.00	\$ 8,068,079	3.00	\$4,522	\$0	\$6,783	\$0	2015
2016	7,391,026	2,692,513,341	2.75	-	0.00	7,391,026	2.75	\$4,522	\$0	\$6,783	\$0	2016
2017	7,545,079	2,692,513,341	2.80	-	0.00	7,545,079	2.80	\$4,522	\$0	\$6,783	\$0	2017
2018	7,748,123	2,692,513,341	2.88	-	0.00	7,748,123	2.88	\$4,522	\$0	\$6,783	\$0	2018
2019	8,876,756	2,692,513,341	3.30	-	0.00	8,876,756	3.30	\$4,522	\$0	\$6,783	\$0	2019
2020	8,686,395	2,692,513,341	3.23	-	0.00	8,686,395	3.23	\$4,522	\$0	\$6,783	\$0	2020
2021	8,923,064	2,692,513,341	3.31	123,958	0.05	9,047,022	3.36	\$4,527	\$5	\$6,790	\$7	2021
2022	8,676,017	2,692,513,341	3.22	212,500	0.08	8,888,517	3.30	\$4,530	\$8	\$6,795	\$12	2022
2023	7,071,795	2,692,513,341	2.63	760,600	0.28	7,832,395	2.91	\$4,550	\$28	\$6,826	\$42	2023
2024	6,318,078	2,692,513,341	2.35	731,906	0.27	7,049,984	2.62	\$4,549	\$27	\$6,824	\$41	2024
2025	4,046,575	2,692,513,341	1.50	708,319	0.26	4,754,894	1.77	\$4,548	\$26	\$6,823	\$39	2025
2026	3,908,163	2,692,513,341	1.45	684,731	0.25	4,592,894	1.71	\$4,548	\$25	\$6,821	\$38	2026
2027	3,769,881	2,692,513,341	1.40	661,144	0.25	4,431,025	1.65	\$4,547	\$24	\$6,820	\$37	2027
2028	1,956,156	2,692,513,341	0.73	637,556	0.24	2,593,713	0.96	\$4,546	\$24	\$6,819	\$35	2028
2029	1,557,406	2,692,513,341	0.58	613,969	0.23	2,171,375	0.81	\$4,545	\$23	\$6,818	\$34	2029
2030	-	2,692,513,341	0.00	590,381	0.22	590,381	0.22	\$4,544	\$22	\$6,816	\$33	2030
2031	-	2,692,513,341	0.00	566,794	0.21	566,794	0.21	\$4,543	\$21	\$6,815	\$31	2031
	\$ 94,542,592		Avg. 2.47	\$ 6,291,858	Avg. 0.21	\$ 100,834,451	Avg. 2.20	Avg.	\$21	Avg.	\$32	

¹ Grand List for FY 2014 (List dated 10/1/2012) is actual. All others are projected at 0.0% growth annually.

Debt Impact Chart

